

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED WATER ADJUSTMENT)	
OF ESTILL COUNTY WATER)	CASE NO. 7335-1
DISTRICT NO. 1)	

O R D E R

On August 4, 1983, Estill County Water District No. 1 ("Estill County") filed its application with the Public Service Commission ("Commission") requesting approval of a purchased water adjustment clause and authority to adjust its rates in accordance with that clause. On August 26, 1983, the Commission ordered that additional information be filed. The required information was filed on August 30, 1983, and the record is now complete.

The Commission, having reviewed the evidence of record and being advised, is of the opinion and finds that:

(1) The purchased water adjustment clause proposed by Estill County showed the procedure to be followed in requesting a rate increase pursuant to 807 KAR 5:067, Purchased Water Adjustment Clause, is in compliance with the regulation and should be approved. However, Estill County should also file as a part of its purchased water adjustment clause the procedure to be followed in requesting a rate decrease as prescribed by 807 KAR 5:067.

(2) The statements of water purchased and sold filed by Estill County for the 12-month period ending December 31, 1982, show that its line loss is approximately 14.49 percent which is less than the maximum of 15 percent allowed by the Commission.

(3) Estill County's supplier, Irvine Municipal Utilities, increased the wholesale cost of water from \$.62 to \$.85 per 1,000 gallons effective February 1, 1982, and from \$.85 to \$1.16 effective March 10, 1983. In Case No. 7335, In the Matter of the Application of Estill County Water District, the base rate for purchased water was established at \$.62 per 1,000 gallons which was the rate in effect at the beginning of the 12-month period upon which Estill County's purchased water adjustment is based. No increase in the base rate for purchased water has been granted to Estill County since that time.

(4) The calculations made by Estill County are incorrect in that the rate used to determine the purchased water adjustment was the interim rate of \$.85 per 1,000 gallons imposed by its supplier rather than the established base rate of \$.62 per 1,000 gallons.

(5) After analyzing the information set forth in the application, the Commission has determined that the correct allowable increase in purchased water costs is \$45,801, resulting in a purchased water adjustment of \$.63 per 1,000 gallons.

(6) The financial exhibits filed by Estill County indicate that it cannot absorb an increase of this magnitude in the wholesale cost of water.

(7) The purchased water adjustment in the amount of \$.63 per 1,000 gallons and the rates in Appendix A are fair, just and reasonable and should be approved.

(8) To insure that all affected parties have proper notice with respect to the rates approved herein, Estill County should, within 10 days of the date of this Order, publish in a newspaper of general circulation in its service area a notice setting forth the approved rates. The notice should include the following: "Anyone wishing to file an objection should notify the Public Service Commission in writing at 730 Schenkel Lane, P.O. Box 615, Frankfort, Kentucky, 40602, within 10 days of the date of this notice."

IT IS THEREFORE ORDERED that the purchased water adjustment clause filed by Estill County be and it hereby is approved, effective on and after the date of this Order, as the procedure to be followed in requesting a rate increase pursuant to 807 KAR 5:067 and, in addition, that Estill County shall file as a part of its purchased water adjustment clause the procedure to be followed in requesting a rate decrease as prescribed by 807 KAR 5:067.

IT IS FURTHER ORDERED that the purchased water adjustment in the amount of \$.63 per 1,000 gallons and the

rates in Appendix A be and they hereby are approved for service rendered on and after 10 days have elapsed from the date of the notice ordered herein.

IT IS FURTHER ORDERED that within 10 days of the date of this Order, Estill County shall publish notice in a newspaper of general circulation in its service area in accordance with Finding No. 8 herein.

IT IS FURTHER ORDERED that, for the purpose of future application of the purchased water adjustment clause of Estill County, the base rates for purchased water shall be:

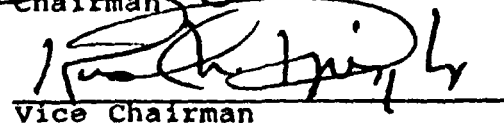
<u>Supplier</u>	<u>Rate</u>
Irvine Municipal Utilities	\$1.16 per 1,000 gallons

IT IS FURTHER ORDERED that, within 30 days of the date of this Order, Estill County shall file with the Commission its revised tariff sheets setting out the purchased water adjustment clause and the rates approved herein.

Done at Frankfort, Kentucky, this 29th day of September, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 7335-1 DATED
SEPTEMBER 29, 1983

The following rates are prescribed for the customers of Estill County Water District No. 1. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

GALLONAGE BLOCK

RATES

First 2,000 gallons or less	\$8.26 (Minimum)
Next 3,000 gallons	3.88 per 1,000 gallons
Next 5,000 gallons	3.78 per 1,000 gallons
Over 10,000 gallons	2.48 per 1,000 gallons
Bulk Loading Stations	3.13 per 1,000 gallons